APPENDIX II.

(Vide *Answer to Question No. 17.*)

MADRAS AND SOUTHERN MAHRATTA RAILWAY Co., Ltd.

(Incorporated in England)

19th August 1919.

DEAR SIR,

With the approval of the Secretary of State for India, the section of the Mysore State Railways on which you are working is being transferred to the management of the Mysore Railways as from the 1st October next and your services on the Madras and Southern Mahratta Railway will not be required after 30th September 1919.

From the date of termination of your service with this Company, the Mysore Railways are prepared to offer you employment under the same terms and conditions as to Pay, Provident Fund, Gratuity, Leave, Allowance, etc., as you now serve under, and I shall be glad to be informed through the Head of your Department within 10 days of the receipt of this letter as to whether you are prepared to accept the offer made by the Mysore Railways.

The Mysore Railways are also prepared to allow you to carry forward to your credit such leave as may have accrued to you, also your past service for the purpose of calculation of gratuity. The amount standing to your credit in the Provident Fund of the M. & S.M. Railway will also be transferred with you to the Mysore Railways and there will be no break of service by this transfer.

Yours faithfully,

A. A. BIGGS,
Agent.

APPENDIX. III.

(Vide *Answer to Question No. 24.*)

A statement showing the amount of Railway Cess realised in the taluks of Nagar and Thirthahalli in the Shimoga District :—

Serial No.	Year	Nagar			Thirthahalli		
		Rs.	a.	p.	Rs.	a.	p.
1	1922-23	2,091	2	7	3,475	4	2
2	1923-24	2,091	7	4	3,553	3	2
3	1924-25	2,102	12	5	3,449	5	2
4	1925-26	2,004	13	5	3,534	14	10
5	1926-27	2,112	11	1	3,394	11	4

APPENDIX IV.

(Vide *Answer to Question No. 24.*)

GOVERNMENT OF HIS HIGHNESS THE MAHARAJA OF MYSORE.

GENERAL AND REVENUE DEPARTMENTS.

G.O. No. L. 4763-75—L.B. 101-21-18, dated 22nd January 1927.

Shimoga-Arasalu Railway Line.

Passes Orders about the resumption of work on the—

READ—

Correspondence ending with letter No. L. 122—L.B. 101-21-15, dated 9th July 1926, to the President, District Board, Shimoga, proposing certain conditions under which the construction of the Shimoga-Arasalu Railway Line may be resumed and requesting that the opinion of the District Board may be obtained and submitted to Government for orders.

2. Letter No. P. 40—L.B., dated 13th August 1926, from the President, District Board, Shimoga, forwarding the resolution passed by the District Board on the question referred to above.

ORDER No. L. 4763-75—L.B. 101-21-18, DATED 22ND JANUARY 1927.

In August 1914 the District Board of Shimoga was authorised to raise a loan of Rs. 10 lakhs for the construction of a narrow gauge line from Shimoga to Sagar with a branch line from Riponpet to Thirthahalli. The loan raised for the purpose was later on ordered to be utilised for the Shimoga-Arasalu Railway line. But the work which had been started by Government had to be stopped on financial grounds. The question of the resumption of the work on the railway line was again taken up in 1924 and the District Board were consulted whether they were agreeable to contribute half the capital expenditure on the project out of loans already raised and to be raised and out of the accumulated cess collections, Government guaranteeing 5 per cent interest on the entire loan, under certain

conditions. The Board accepted the above proposals but wanted Government to guarantee 6¼ per cent interest on the loan free of income-tax and subsequently pressed the Government either to resume the work or order the discontinuance of the levy of the Railway Cess.

2. At this stage, Government had the cost of the line recalculated up to Kumsi when it was ascertained that the cost of the line for a distance of 17·02 miles came up to Rs. 15,86,945 and that it would be more advantageous to continue the line to Ragihosahalli, involving an additional distance of 1·94 miles, the total cost up to this point being estimated at Rs. 18,02,333. Excluding the amount already spent on the line, the amount actually required was found to be Rs. 14,95,515. In view of the importance of the line which will have the effect of opening up the interior parts of the malnad and of the policy intended to be pursued by Government as regards the construction of railway lines in the districts and followed in regard to the construction of the Kadur-Chikmagalur line, the District Board was informed in July 1926, that the resumption of the construction of the Shimoga-Arasalu line would be considered if the Board agreed to raise the Railway Cess to 6 pies and make it over to Government to meet interest charges on the total capital cost incurred. They were also informed that the loan raised by them including the accumulated Railway Cess which will be permitted to be used for the capital cost of the line without the Board claiming any proprietory right in respect of it, should be transferred to Government for meeting a portion of the capital cost, the remainder being borne by Government.

3. The President, District Board, Shimoga, has now forwarded the resolution passed by the District Board in the matter at a special meeting held on 9th August 1926, wherein the District Board have agreed to make over to Government the Railway Cess to meet interest charges and also to transfer unconditionally to Government towards construction of the line the accumulated Railway Cess amount in addition to the loan raised by them without laying claim to any proprietory right in the line, but the Board is not agreeable to enhance the Railway Cess from 3 pies to 6 pies per rupee on the ground that the malnad people are proverbially indebted and unable to pay any excess taxation. The Board however pray that this may not prevent the opening of the line which may be taken up soon, as it will greatly improve the economic condition of the malnad parts.

4. The District Board have agreed to two out of the conditions specified by Government for the resumption of construction of the Shimoga-Arasalu line. The malnad requires opening up by Railway lines and the outlay of about Rs. 3½ lakhs already incurred on the line is now lying idle. The total estimate as finally drawn up comes to Rs. 18,02,333 including the expenditure already incurred on the line up to Ragihosahalli, *viz.*, Rs. 3,06,818 and the balance now required for proceeding with the construction will be Rs. 14,95,515 which is required to be provided for in 3 years as follows:—

		Rs.
1926-27	..	3,54,745
1927-28	..	10,11,235
1928-29	..	1,29,535
Total	..	14,95,515

Towards this amount, a sum of about 7 lakhs of rupees is available as contribution from the District Board, being the proceeds of the loan raised by the District Board, up to end of 1923-25, amounting to Rs. 3,71,131 together with the accumulated Railway Cess collections, *viz.*, Rs. 3,33,000 including current year's interest which the District Board has agreed to make over to Government unconditionally.

5. In the circumstance Government consider it justifiable to agree to bear some loss in respect of the resumption of this line. They direct that the construction of this line be resumed up to Ragihosahalli on the following conditions:—

(1) The loan raised by the District Board will be considered as that of Government with no claim to debenture-holders to any share in the profits of the line. It is to be stated that under the conditions of issue of the loan, a share of profits was promised to debenture-hoders and this condition cannot be complied with now.

(2) The accumulated Railway Cess including the current year's collections should be made over by the Board to Government with no claim to any proprietory right in the line.

(3) Future annual collections of Railway Cess will be utilised for meeting the interest charges during the construction stage and the deficit in the Revenue account of the railway, including in such account interest at 5½ per cent

on the capital contributed by the Government and at the rate of interest actually paid on the amount of the loan raised by the Board and taken over by Government.

(4) The condition of placing the proceeds of the annual Railway Cess at the disposal of Government for meeting deficit in the Revenue account will continue for a period of 25 years.

6. The work will be started immediately out of the District Board contributions and the funds required by the Railway Department during the current and next years will be placed at their disposal in the manner indicated below:—

	1926-27 Lakhs Rs.	1927-28 Lakhs Rs.	1928-29 Lakhs Rs.
Out of District Board Contribution Loan and Cess collections	3½	3½	..
From Government Funds	..	6½	1½

Suitable provision will be made in the ensuing years' State and District Fund Budgets.

7. The President of the Shimoga District Board is requested to communicate the foregoing decision of Government to the District Board and report their final acceptance.

8. The Agent, Mysore Railways, is authorised to proceed with the work on the Shimoga-Arasalu-Ragihosahalli line without delay employing therefor the establishment lately employed on the Nanjangud-Chamarajanagar line.

B. NAGAPPA,
Secretary to Government,
Local and Legislative Departments.

To—The President, District Board, Shimoga.
The Agent, Mysore Railways.
The Secretary to Government for Railways.
The Comptroller, Mysore Government, through the Financial Secretariat.
The Chief Engineer in Mysore.
The Deputy Commissioner, Shimoga District.
The other Deputy Commissioners of Districts.